

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re:	:	Chapter 11 Case No.
	:	
LEHMAN BROTHERS HOLDINGS INC., <i>et al.</i> ,	:	08-13555 (JMP)
	:	
Debtors.	:	(Jointly Administered)
	:	
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**THIRD SUPPLEMENTAL DECLARATION OF P. ERIC SIEGERT IN SUPPORT
OF APPLICATION OF OFFICIAL COMMITTEE OF UNSECURED CREDITORS
FOR ORDER, UNDER 11 U.S.C. §§ 328(a) AND 1103, FED. R. BANKR.
P. 2014 AND 5002, AND S.D.N.Y. LBR 2014-1, AUTHORIZING RETENTION
AND EMPLOYMENT OF HOULIHAN LOKEY HOWARD & ZUKIN CAPITAL, INC.**

STATE OF NEW YORK)
 : ss.:
COUNTY OF NEW YORK)

P. ERIC SIEGERT, being duly sworn, says:

1. I am a Senior Managing Director of the firm of Houlihan Lokey Howard & Zukin Capital, Inc. ("Houlihan"). I am duly authorized to make this Third Supplemental Declaration on behalf of Houlihan.
2. I submit this third supplement (the "Third Supplemental Declaration") to the original declaration (the "Declaration") that I submitted in support of the Application of the Official Committee of Unsecured Creditors (the "Committee") of Lehman Brothers Holdings, Inc. and its affiliated debtors and debtors in possession (collectively, the "Debtors," and together with their non-debtor affiliates, "Lehman"), for an order (the "Retention Order"), under 11 U.S.C. §§ 328(a) and 1103 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (as amended, the "Bankruptcy Code"), Federal Rules of Bankruptcy Procedure 2014 and 5002, and Local Bankruptcy Rule 2014-1,

authorizing the employment and retention of Houlihan as investment bankers to the Committee (the "Application"). The Retention Order was entered on December 17, 2008.

3. Unless otherwise stated in this Third Supplemental Declaration, I have personal knowledge of the facts set forth herein and, if called as a witness, I would testify thereto.¹

Houlihan's Connections with Parties in Interest

4. In the Declaration, I stated that Houlihan searched all current engagements for known relationships or interests with the Debtors and non-Debtor affiliates. A full list of identified ongoing Houlihan advisory engagements with some level of known involvement by the Debtors and/or affiliates of the Debtors was detailed on Exhibit C attached to the Declaration. On December 10, 2008 and December 23, 2008, I submitted supplemental declarations (the "First Supplemental Declaration" and "Second Supplemental Declaration", respectively), identifying on Exhibits C1 and C2, respectively, attached thereto additional engagements with some level of involvement by the Debtors and/or their affiliates. Since the submission of the First and Second Supplemental Declarations, I have become aware that Houlihan has been engaged to provide additional services unrelated to the Debtors' Chapter 11 Cases for various entities with some level of known involvement with the Debtors and/or their affiliates. Exhibit "C3" attached hereto details such engagements.

5. Houlihan does not believe that the matters listed on Exhibit C3 create any material conflict with Houlihan's role as advisor to the Committee. Moreover, in accordance with the engagement letter between the Committee and Houlihan dated

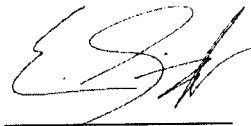
¹ Certain of the disclosures set forth herein relate to matters within the knowledge of other employees at Houlihan and are based on information provided by them.

September 17, 2008 (attached to the Application as Exhibit B), these matters have been disclosed to the Committee and the Committee has no objection to Houlihan continuing to work on these matters. From time to time, and to the extent appropriate, Houlihan will “wall off” employees working on engagements with a Lehman-related relationship from either any information relating to the relevant engagement/Lehman interest received in the course of our representing the Committee or from activities undertaken and information received by Houlihan in the Debtors’ Chapter 11 Cases.

6. Houlihan is carrying on further inquiries of its professionals with respect to the matters contained herein. From time to time, Houlihan will undertake supplemental conflicts checks and file supplemental affidavits regarding its retention if any additional relevant information comes to its attention.

In accordance with 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Executed on February 26, 2009

A handwritten signature in black ink, appearing to read "P. Eric Siegert", written over a horizontal line.

P. Eric Siegert

Exhibit C3

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**Lehman Brothers Holdings Inc.
Current Houlihan Advisory Engagement with Lehman Involvement**

Client	Houlihan Role	Current Lehman Role ²
1. General Growth Properties	Bondholder Advisor	Lehman holds approximately \$[redacted] ¹ million of GGP debt, including approximately \$[redacted] million of GGP's revolver (representing roughly [redacted]% of GGP's near \$[redacted] million revolver balance as of 12/31/07) and \$[redacted] million of a funded term loan (which represents less than [redacted]% of GGP's approximately \$[redacted] billion term loan as of 12/31/07). General Growth Properties has approximately \$[redacted] billion of debt outstanding (as of 9/30/08).
2. Power Company	Company Advisor (3 month business plan review and strategic alternatives for a subsidiary of Power Company)	Lehman has funded approximately \$[redacted] million of its \$[redacted] million commitment on the revolving credit facility for the parent company. Power Company has approximately \$[redacted] billion of debt outstanding (as of 9/30/08) on a consolidated basis of which approximately \$[redacted] billion is short term debt. For the subsidiary, Lehman has an unfunded revolver commitment of approximately \$[redacted] million, representing [redacted]% of the approximate \$[redacted] million revolver, which Lehman declined to fund in September 2008. The subsidiary has total debt of \$[redacted] billion, with just under \$[redacted] billion that is secured debt.
3. Herbst Gaming	1 st Lien Advisor	Lehman holds approximately \$[redacted] million of a term B loan (representing less than [redacted]% of Herbst's total term loans of roughly \$[redacted] million) and has funded the majority of a \$[redacted] million revolver commitment (approximately [redacted]% of Herbst's outstanding revolver balance of \$[redacted] million). Herbst has \$[redacted] billion of debt outstanding.
4. Tousa	Advisor to Ad Hoc Committee of 2 nd Lien Holders (represents approximately 75% of 2 nd lien)	Lehman has funded approximately \$[redacted] million of a nearly \$[redacted] million revolving credit commitment. The \$[redacted] million represents approximately [redacted]% of Tousa's \$[redacted] million revolver balance. Tousa has over \$[redacted] billion of debt outstanding.
5. Project Mountain	Company Advisor (Non-Restructuring Corporate Finance Project)	Lehman currently holds nearly \$[redacted] million of a 1 st lien loan through LCPI of which approximately [redacted]% is pledged and held in SPVs.
6. Visteon	Selected as Advisor for an Ad Hoc Group of Senior Lenders	Lehman has approximately \$[redacted] million, or roughly [redacted]%, of a \$[redacted] billion term loan. Some portion of the Lehman interest is subject to open sell trades. Visteon has over \$[redacted] billion in total debt.
7. General Motors	Unsecured Bondholder Advisor	Lehman holds approximately \$[redacted] million of secured debt, representing [redacted]% of GM's total \$[redacted] billion revolver and term loan. GM's total financial debt is roughly \$[redacted] billion.

² Some of these Lehman positions may now, or in the future, be subject to sale or other commitments.

³ The affidavit has been reviewed and approved by the Committee and the US Trustee on an un-redacted basis.

Client	Houlihan Role	Current Lehman Role ²
8. Lyondellbassell	Creditor Advisor (2 nd and 3 rd lien of approximately \$8 billion)	Lehman holds approximately \$[redacted] million of 1 st lien debt, representing less than [redacted]% of Lyondellbassell's near \$[redacted] billion of total 1 st lien debt. Lyondellbassell has over \$[redacted] billion total debt, which includes an \$[redacted] billion DIP facility.
9. Charter Communications	Advisor to Ad Hoc Committee of Noteholders	Lehman holds approximately \$[redacted] million of Charter's term loan, which represents less than [redacted]% of Charter's \$[redacted] billion in total long term outstanding loans at the operating LLC.
10. Buffets, Inc.	Company Advisor	Lehman may own approximately \$[redacted] million of the DIP and other senior secured debt of Buffets. Buffets has approximately \$[redacted] million total debt outstanding (subject to plan of reorganization that is presently awaiting confirmation).
11. Delphi	Equity Committee Advisor	Lehman currently holds roughly \$[redacted] million, or around [redacted]% of the \$[redacted] billion DIP facility. Lehman also has a \$[redacted] million trade claim and a \$[redacted] million unfunded revolver commitment. Delphi has over \$[redacted] billion in total debt.
12. WCI	Creditor Advisor	Lehman owns approximately \$[redacted] million of WCI's approximately \$[redacted] million revolver balance (as of WCI's last filing for FY07). Lehman's position equates to just over [redacted]% of the revolver balance.
13. Entergy	Valuation Opinion (FAS)	Lehman holds roughly \$[redacted] million of Entergy's \$[redacted] billion revolver balance. Lehman's position equates to approximately [redacted]% of Entergy's outstanding revolver balance as of 12/31/07 and less than [redacted]% of Entergy's total debt as of 9/30/08.